

CITY OF MILFORD
INDEPENDENT AUDITORS' REPORTS
PRIMARY GOVERNMENT
BASIC FINANCIAL STATEMENTS
OTHER INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2021

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CITY OF MILFORD
OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Steve Anderson	Mayor	January 1, 2022
Andy Youngbluth	Mayor Pro-Tem	January 1, 2022
Doug Frederick	Council Member	January 1, 2022
Chris Hinshaw	Council Member	January 1, 2022
Jason Eckard	Council Member	January 1, 2024
Aaron Gebhart	Council Member	January 1, 2024
LeAnn Reinsbach	City Administrator/City Clerk	Indefinite
David Stein, Jr.	Attorney	Indefinite



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of the primary government of the City of Milford, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the City's legally separate component unit. Accounting principles for the basis of accounting described in Note 1 require financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because the Milford Municipal Utilities reports in accordance with accounting principles generally accepted in the United States of America, a different reporting framework than the City's basis of accounting described in Note 1, the amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component unit have not been determined.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the City as of June 30, 2021, or the changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities and each major fund of the primary government of the City of Milford as of June 30, 2021, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City's primary government. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements of the City's primary government for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements.

The other information, presented on pages 24 through 35, consisting of the Budgetary Comparison Information, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City Contributions, Schedule of Indebtedness and Schedule of Receipts by Sources and Disbursements by Function, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021 on our consideration of the City of Milford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Milford's internal control over financial reporting and compliance.

Wintner, Stave & Co., LLC

October 7, 2021
Milford, Iowa

BASIC FINANCIAL STATEMENTS

CITY OF MILFORD
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	\$ 765,137	\$ 14,698	\$189,833	
Public works	539,521	5,439	433,721	
Health and social services	4,900			
Culture and recreation	602,847	644	43,313	
Community and economic.....				
development	483,180	13,435		
General government	387,778			
Debt service	3,192,441		94,273	
Capital projects	1,453,818			\$285,534
Total governmental activities.....	7,429,622	34,216	761,140	285,534
Business type activities:				
Sewer	227,929	355,947		
Storm water	36,770	123,647		
Total business type activities	264,699	479,594		
TOTAL	\$7,694,321	\$513,810	\$761,140	\$285,534
GENERAL RECEIPTS AND TRANSFERS:				
Property and other city taxes levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Bond proceeds, including premium				
of \$390,499				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
CASH BASIS NET POSITION				
Restricted, expendable:				
Urban renewal purposes				
Streets				
Capital projects				
Debt service				
Other purposes				
Unrestricted				
TOTAL CASH BASIS NET POSITION				

See Notes to Financial Statements

Exhibit A

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
\$ (560,606)		\$ (560,606)
(100,361)		(100,361)
(4,900)		(4,900)
(558,890)		(558,890)
(469,745)		(469,745)
(387,778)		(387,778)
(3,098,168)		(3,098,168)
(1,168,284)		(1,168,284)
<u>(6,348,732)</u>		<u>(6,348,732)</u>
	\$ 128,018	128,018
	86,877	86,877
	<u>214,895</u>	<u>214,895</u>
<u>(6,348,732)</u>	<u>214,895</u>	<u>(6,133,837)</u>
1,705,369		1,705,369
311,244		311,244
801,722		801,722
904,216		904,216
61,140		61,140
1,064	131	1,195
6,385,499		6,385,499
89,761		89,761
263,278	(263,278)	
<u>10,523,293</u>	<u>(263,147)</u>	<u>10,260,146</u>
4,174,561	(48,252)	4,126,309
<u>5,874,895</u>	<u>1,067,038</u>	<u>6,941,933</u>
<u>\$10,049,456</u>	<u>\$1,018,786</u>	<u>\$11,068,242</u>
\$ 388,755		\$ 388,755
740,297		740,297
4,732,256		4,732,256
237,809		237,809
859,367		859,367
<u>3,090,972</u>	<u>\$1,018,786</u>	<u>4,109,758</u>
<u>\$10,049,456</u>	<u>\$1,018,786</u>	<u>\$11,068,242</u>

See Notes to Financial Statements

CITY OF MILFORD
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

		Special Revenue	
	General	Urban Renewal Tax Increment	Road Use
RECEIPTS:			
Property tax	\$1,254,514		
Tax increment financing		\$801,722	
Other city tax	933,192		
Licenses and permits	15,233		
Use of money and property	27,912		
Intergovernmental	226,571		\$433,721
Charges for service	18,983		
Miscellaneous	62,462		2,913
TOTAL RECEIPTS	<u>2,538,867</u>	<u>801,722</u>	<u>436,634</u>
DISBURSEMENTS:			
Operating:			
Public safety	596,858		
Public works	131,322		321,277
Health and social services	4,900		
Culture and recreation	503,687		
Community and economic development	78,460	404,720	
General government	328,026		
Debt service			
Capital projects	252,995		
TOTAL DISBURSEMENTS	<u>1,896,248</u>	<u>404,720</u>	<u>321,277</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>642,619</u>	<u>397,002</u>	<u>115,357</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds			
Premium on general obligation bond issued			
Transfers in			
Transfers out	(182,169)	(85,175)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(182,169)</u>	<u>(85,175)</u>	
CHANGE IN CASH BALANCES	460,450	311,827	115,357
CASH BALANCES BEGINNING OF YEAR	<u>2,630,522</u>	<u>76,928</u>	<u>624,940</u>
CASH BALANCES END OF YEAR	<u>\$3,090,972</u>	<u>\$388,755</u>	<u>\$740,297</u>
CASH BASIS FUND BALANCES:			
Restricted for:			
Urban renewal purposes		\$388,755	
Streets			\$740,297
Capital projects			
Debt service			
Other purposes			
Assigned for other purposes	\$ 721,970		
Unassigned	<u>2,369,002</u>		
TOTAL CASH BASIS FUND BALANCES	<u>\$3,090,972</u>	<u>\$388,755</u>	<u>\$740,297</u>

See Notes to Financial Statements

Exhibit B

<u>Special Revenue</u>				
<u>Employee Benefits</u>	<u>LMI Housing Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$475,032			\$ 319,231	\$ 2,048,777
				801,722
				933,192
				15,233
	\$ 155	\$ 311	72	28,450
		273,534	94,273	1,028,099
				18,983
		15,575		80,950
<u>475,032</u>	<u>155</u>	<u>289,420</u>	<u>413,576</u>	<u>4,955,406</u>
168,279				765,137
86,922				539,521
				4,900
99,160				602,847
				483,180
59,752				387,778
			3,192,441	3,192,441
		1,200,823		1,453,818
<u>414,113</u>		<u>1,200,823</u>	<u>3,192,441</u>	<u>7,429,622</u>
<u>60,919</u>	<u>155</u>	<u>(911,403)</u>	<u>(2,778,865)</u>	<u>(2,474,216)</u>
		3,520,000	2,475,000	5,995,000
		199,701	190,798	390,499
	85,175	333,159	112,288	530,622
				(267,344)
	<u>85,175</u>	<u>4,052,860</u>	<u>2,778,086</u>	<u>6,648,777</u>
60,919	85,330	3,141,457	(779)	4,174,561
<u>56,332</u>	<u>656,786</u>	<u>1,590,799</u>	<u>238,588</u>	<u>5,874,895</u>
<u>\$117,251</u>	<u>\$742,116</u>	<u>\$4,732,256</u>	<u>\$ 237,809</u>	<u>\$10,049,456</u>
				\$ 388,755
				740,297
		\$4,732,256		4,732,256
			\$ 237,809	237,809
117,251	742,116			859,367
				721,970
				2,369,002
<u>\$117,251</u>	<u>\$742,116</u>	<u>\$4,732,256</u>	<u>\$ 237,809</u>	<u>\$10,049,456</u>

See Notes to Financial Statements

CITY OF MILFORD
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise			
	Solid Waste	Sewer	Storm Water	Total
OPERATING RECEIPTS:				
Charges for service		\$355,947	\$123,647	\$ 479,594
Use of money and property		84	47	131
TOTAL OPERATING RECEIPTS.....		<u>356,031</u>	<u>123,694</u>	<u>479,725</u>
OPERATING DISBURSEMENTS:				
Business type activities		<u>227,929</u>	<u>36,770</u>	<u>264,699</u>
TOTAL OPERATING DISBURSEMENTS		<u>227,929</u>	<u>36,770</u>	<u>264,699</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS		128,102	86,924	215,026
Transfers out	<u>\$(150,990)</u>	<u>(87,863)</u>	<u>(24,425)</u>	<u>(263,278)</u>
CHANGE IN CASH BALANCES	(150,990)	40,239	62,499	(48,252)
CASH BALANCES BEGINNING OF YEAR	<u>150,990</u>	<u>606,554</u>	<u>309,494</u>	<u>1,067,038</u>
CASH BALANCES END OF YEAR		<u>\$646,793</u>	<u>\$371,993</u>	<u>\$1,018,786</u>
CASH BASIS FUND BALANCES:				
Unrestricted		<u>\$646,793</u>	<u>\$371,993</u>	<u>\$1,018,786</u>
TOTAL CASH BASIS FUND BALANCES		<u>\$646,793</u>	<u>\$371,993</u>	<u>\$1,018,786</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Milford, Iowa is a political subdivision of the State of Iowa located in Dickinson County. It was first incorporated in 1892 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City's financial statements present the primary government of the City of Milford but do not include a component unit for which it is financially accountable. A primary government is a legal entity or body politic and includes all funds, organizations, agencies, boards, commissions and authorities that are not legally separate. A component unit is a legally separate entity for which the City is financially accountable.

The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. Since these financial statements do not include the City's component unit described below, they do not purport to be prepared in accordance with accounting principles generally accepted in the United States of America as they relate to the exclusion of the component unit.

Milford Municipal Utilities is considered a component unit of the City of Milford. The financial statements of this component unit are audited separately and are presented on the accrual basis of accounting. Complete financial statements of Milford Municipal Utilities can be obtained from their administrative offices.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Dickinson County Assessor's Conference Board, Upper Des Moines Opportunity Board, Dickinson County Emergency Management Commission, Dickinson County Water Quality Commission, Dickinson County Joint E911 Service Board, and Dickinson County Landfill Commission.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the primary government of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in two categories:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Road Use Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Employee Benefits Fund is used to account for tax receipts that are used to cover the costs of employee benefits.

The LMI Housing Fund is used to account for the portion of tax increment financing collections that is used to provide assistance with low and moderate income housing.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general obligation long-term debt.

The City reports the following major proprietary funds:

The Enterprise, Solid Waste Fund accounts for the operation and maintenance of the City's solid waste utility. Currently, all significant solid waste services are provided by and billed for by a separate entity.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Enterprise, Storm Water Fund accounts for the operation and maintenance of the City's storm water system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

F. Use of Estimates

The preparation of financial statements in conformity with an other comprehensive basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Management's Review

Management of the City has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

2. CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

3. BONDS PAYABLE

A summary of changes in bonds payable for the year ended June 30, 2021 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
General Obligation Bonds	<u>\$3,580,000</u>	<u>\$5,995,000</u>	<u>\$3,110,000</u>	<u>\$6,465,000</u>	<u>\$430,000</u>

A summary of the City's June 30, 2021 general obligation bonds payable is as follows:

Year Ending June 30,	Alley Improvements Issued May 12, 2020			Refunding Issued May 10, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.00%		\$19,296	3.00%	\$ 430,000	\$ 162,915
2023	2.00%	\$235,000	9,400	3.00%	460,000	141,035
2024	2.00%	165,000	4,700	3.00%	425,000	127,235
2025	2.00%	70,000	1,400	3.00%	550,000	114,485
2026				3.00%	525,000	97,985
2027-2031				1.20-3.00%	2,005,000	275,905
2032-2036				2.00%	860,000	126,300
2037-2040				2.00%	740,000	37,300
Total		<u>\$470,000</u>	<u>\$34,796</u>		<u>\$5,995,000</u>	<u>\$1,083,160</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2022	\$ 430,000	\$ 182,211	\$ 612,211
2023	695,000	150,435	845,435
2024	590,000	131,935	721,935
2025	620,000	115,885	735,885
2026	525,000	97,985	622,985
2027-2031	2,005,000	275,905	2,280,905
2032-2036	860,000	126,300	986,300
2037-2040	740,000	37,300	777,300
Total	<u>\$6,465,000</u>	<u>\$1,117,956</u>	<u>\$7,582,956</u>

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

3. BONDS PAYABLE - Continued

On May 1, 2010, the City issued \$550,000 of general obligation bonds with interest rates ranging from 3.00% to 4.00% per annum. The bonds were issued for street improvements. During the year ended June 30, 2021, the City paid the remaining \$65,000 of principal and \$2,600 of interest on the bonds.

On August 1, 2012, the City issued \$560,000 of general obligation bonds with interest rates ranging from 0.70% to 2.40% per annum. The bonds were issued for street improvements. During the year ended June 30, 2021, the City paid the remaining \$175,000 of principal and \$3,980 of interest on the bonds.

On April 29, 2013, the City issued \$2,750,000 of general obligation bonds with interest rates ranging from 0.50% to 2.50% per annum. The bonds were issued for refunding prior debt issues. During the year ended June 30, 2021, the City paid the remaining \$1,450,000 of principal and \$28,022 of interest on the bonds.

On May 18, 2016, the City issued \$2,050,000 of general obligation bonds with interest rates ranging from 2.00% to 2.50% per annum. The bonds were issued for refunding prior debt issues. During the year ended June 30, 2021, the City paid the remaining \$1,420,000 of principal and \$30,087 of interest on the bonds.

On May 12, 2020, the City issued \$470,000 of general obligation bonds with an interest rate of 2.00% per annum. The bonds were issued for alley improvements. No payments were made on these bonds during the year ended June 30, 2021.

On May 10, 2021, the City issued \$5,995,000 of general obligation bonds with interest rates ranging from 1.20% to 3.00% per annum. The bonds were issued for street improvements and for refunding prior debt issues. No payments were made on these bonds during the year ended June 30, 2021.

4. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

4. PENSION PLAN - Continued

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

4. PENSION PLAN - Continued

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 totaled \$95,165.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$552,822 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.0078696%, which was an increase of 0.001497% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$127,079, \$170,353 and \$86,525 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

4. PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuity Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

4. PENSION PLAN - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	\$1,126,415	\$552,822	\$72,139

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

5. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2021, the City contributed \$254,194 and plan members eligible for benefits contributed \$28,244 to the plan. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2021, there were 15 active employees and no inactive employees or beneficiaries receiving benefit payments covered by the benefit terms.

6. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

6. COMPENSATED ABSENCES - Continued

or paid. The City's approximate liability for earned vacation, sick leave, personal and compensatory time payments payable to employees at June 30, 2021, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 51,797
Sick leave	75,971
Personal	321
Compensatory time	<u>16,182</u>
Total	<u>\$144,271</u>

The liability has been computed based on rates of pay in effect at June 30, 2021.

7. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: LMI Housing Fund	Special Revenue: Urban Renewal Tax Increment	<u>\$ 85,175</u>
Debt Service	Enterprise: Sewer	87,863
	Enterprise: Storm Water	<u>24,425</u>
		<u>112,288</u>
Capital Projects	General	182,169
	Enterprise: Solid Waste	<u>150,990</u>
		<u>333,159</u>
Total		<u>\$530,622</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

8. LOCAL GOVERNMENT RISK POOL

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the pool. The City's contributions to the Pool for the year ended June 30, 2021 were \$73,610.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

8. LOCAL GOVERNMENT RISK POOL - Continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. LITIGATION

The City is party to routine legal proceedings and litigation arising in the normal course of governmental operations. These legal proceedings are not expected to have a material adverse impact on the City's financial condition.

10. COMMITMENTS AND CONTINGENCIES

The City has entered into construction contracts totaling \$2,936,008. As of June 30, 2021, costs of \$390,797 have been incurred on the projects. The remaining balance of \$2,545,211 will be paid as work on the projects progresses. The City intends to pay for these projects with proceeds from a bond issue, and from funds currently on hand and available for use.

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of City of Milford, remains uncertain. To date, the outbreak has not created a material disruption to the operations of the City. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to City of Milford.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS - Continued
YEAR ENDED JUNE 30, 2021

11. DEVELOPER AGREEMENTS

The City has entered into various developer agreements related to improvements made in tax increment financing districts. The properties have a minimum assessed value of \$7,706,922. The City has agreed to pay the developers an amount not to exceed \$4,434,161. The agreements require up to ten or fifteen annual payments, provided the developers are in compliance with the terms of the agreements. During the year ended June 30, 2021, the City rebated \$404,719 of incremental property tax to the developers. The remaining balance to be paid on the agreements totaled \$1,881,932 at June 30, 2021, of which \$811,135 is subject to annual appropriation by the City Council.

12. TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2021, \$404,719 of property tax was diverted from the City under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were not reduced for the year ended June 30, 2021 under agreements entered into by other entities.

OTHER INFORMATION

CITY OF MILFORD
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
OTHER INFORMATION (UNAUDITED)
YEAR ENDED JUNE 30, 2021

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	<u>Total</u>
RECEIPTS:			
Property tax	\$ 2,048,777		\$ 2,048,777
Tax increment financing	801,722		801,722
Other city tax	933,192		933,192
Licenses and permits	15,233		15,233
Use of money and property	28,450	\$ 131	28,581
Intergovernmental	1,028,099		1,028,099
Charges for service	18,983	479,594	498,577
Miscellaneous	80,950		80,950
TOTAL RECEIPTS	<u>4,955,406</u>	<u>479,725</u>	<u>5,435,131</u>
DISBURSEMENTS:			
Public safety	765,137		765,137
Public works	539,521		539,521
Health and social services	4,900		4,900
Culture and recreation	602,847		602,847
Community and economic development	483,180		483,180
General government	387,778		387,778
Debt service	3,192,441		3,192,441
Capital projects	1,453,818		1,453,818
Business type activities		264,699	264,699
TOTAL DISBURSEMENTS	<u>7,429,622</u>	<u>264,699</u>	<u>7,694,321</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,474,216)	215,026	(2,259,190)
OTHER FINANCING SOURCES (USES), NET	<u>6,648,777</u>	<u>(263,278)</u>	<u>6,385,499</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	4,174,561	(48,252)	4,126,309
BALANCES BEGINNING OF YEAR	<u>5,874,895</u>	<u>1,067,038</u>	<u>6,941,933</u>
BALANCES END OF YEAR	<u>\$10,049,456</u>	<u>\$1,018,786</u>	<u>\$11,068,242</u>

Budgeted Amounts		Final to Total
Original	Final	Variance Positive (Negative)
\$1,948,786	\$ 1,948,786	\$ 99,991
778,403	778,403	23,319
686,474	686,474	246,718
31,590	31,590	(16,357)
89,600	89,600	(61,019)
962,689	962,689	65,410
432,200	432,200	66,377
51,400	51,400	29,550
<u>4,981,142</u>	<u>4,981,142</u>	<u>453,989</u>
858,206	858,206	93,069
650,325	650,325	110,804
5,150	5,150	250
696,721	696,721	93,874
615,392	675,333	192,153
484,023	484,023	96,245
511,691	3,193,691	1,250
3,483,100	3,483,100	2,029,282
441,183	441,183	176,484
<u>7,745,791</u>	<u>10,487,732</u>	<u>2,793,411</u>
(2,764,649)	(5,506,590)	3,247,400
<u>2,500,000</u>	<u>5,250,000</u>	<u>1,135,499</u>
(264,649)	(256,590)	<u>\$4,382,899</u>
<u>5,631,166</u>	<u>5,631,166</u>	
<u>\$5,366,517</u>	<u>\$ 5,374,576</u>	

CITY OF MILFORD
NOTES TO OTHER INFORMATION - BUDGETARY REPORTING
JUNE 30, 2021

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$2,741,941. The budget amendments are reflected in the final budgeted amounts.

CITY OF MILFORD
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN YEARS*
(IN THOUSANDS)
OTHER INFORMATION (UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.0078696%	0.0063722%	0.006445%	0.006608%
City's proportionate share of the net pension liability	\$553	\$369	\$408	\$440
City's covered payroll	\$958	\$866	\$830	\$820
City's proportionate share of the net pension liability as a percentage of its covered payroll	57.72%	42.61%	49.16%	53.66%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.006721%	0.006150%	0.005891%
\$423	\$304	\$234
\$711	\$780	\$760
54.86%	38.97%	30.79%
81.82%	85.19%	87.61%

CITY OF MILFORD
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
(IN THOUSANDS)
OTHER INFORMATION (UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 95	\$ 92	\$ 84	\$ 77
Contributions in relation to the statutorily required contribution	<u>(95)</u>	<u>(92)</u>	<u>(84)</u>	<u>(77)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered payroll	\$1,001	\$958	\$866	\$830
Contributions as a percentage of covered payroll	9.51%	9.62%	9.75%	9.31%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 76	\$ 72	\$ 73	\$ 71	\$ 67	\$ 62
<u>(76)</u>	<u>(72)</u>	<u>(73)</u>	<u>(71)</u>	<u>(67)</u>	<u>(62)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$820	\$771	\$780	\$760	\$729	\$708
9.31%	9.30%	9.39%	9.36%	9.22%	8.70%

CITY OF MILFORD
NOTES TO OTHER INFORMATION - PENSION LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

CITY OF MILFORD
SCHEDULE OF INDEBTEDNESS
OTHER INFORMATION (UNAUDITED)
YEAR ENDED JUNE 30, 2021

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation bonds:			
Street improvements	May 1, 2010	3.00% - 4.00%	\$ 550,000
Street improvements	August 1, 2012	0.70% - 2.40%	560,000
Refunding bonds	April 29, 2013	0.50% - 2.50%	2,750,000
Refunding bonds	May 18, 2016	2.00% - 2.50%	2,050,000
Alley improvements	May 12, 2020	2.00%	470,000
Street improvements & refunding	May 10, 2021	1.20% - 3.00%	5,995,000
Total			

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 65,000		\$ 65,000		\$ 2,600
175,000		175,000		3,980
1,450,000		1,450,000		28,022
1,420,000		1,420,000		30,087
470,000			\$ 470,000	
<u> </u>	<u>\$5,995,000</u>	<u> </u>	<u>5,995,000</u>	<u> </u>
<u>\$3,580,000</u>	<u>\$5,995,000</u>	<u>\$3,110,000</u>	<u>\$6,465,000</u>	<u>\$64,689</u>

CITY OF MILFORD
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS
OTHER INFORMATION (UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
RECEIPTS:				
Property tax	\$2,048,777	\$1,920,028	\$1,873,786	\$1,828,979
Tax increment financing	801,722	782,898	757,313	691,866
Other city tax	933,192	754,902	751,365	702,741
Licenses and permits	15,233	19,545	23,073	18,591
Use of money and property	28,450	95,455	150,904	100,067
Intergovernmental	1,028,099	1,451,413	669,802	679,995
Charges for service	18,983	13,882	16,789	16,913
Miscellaneous	<u>80,950</u>	<u>179,980</u>	<u>40,293</u>	<u>97,952</u>
TOTAL	<u>\$4,955,406</u>	<u>\$5,218,103</u>	<u>\$4,283,325</u>	<u>\$4,137,104</u>
DISBURSEMENTS:				
Operating:				
Public safety	\$ 765,137	\$ 737,599	\$ 730,331	\$ 791,770
Public works	539,521	549,543	556,177	523,687
Health and social services	4,900	2,650	4,150	4,150
Culture and recreation	602,847	491,211	461,256	454,300
Community and economic development	483,180	449,504	485,824	382,213
General government	387,778	380,417	367,280	349,696
Debt service	3,192,441	717,688	721,752	2,442,684
Capital projects	<u>1,453,818</u>	<u>2,075,330</u>	<u>1,273,271</u>	<u>694,382</u>
TOTAL	<u>\$7,429,622</u>	<u>\$5,403,942</u>	<u>\$4,600,041</u>	<u>\$5,642,882</u>

Schedule 3

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$1,694,402	\$1,558,768	\$1,491,169	\$1,393,464	\$1,375,011	\$1,538,810
617,753	579,467	519,746	480,140	464,601	281,110
742,525	664,380	682,456	553,649	556,430	488,393
21,255	20,802	21,580	30,141	36,144	37,732
60,379	57,694	56,449	54,474	39,505	42,158
826,414	1,493,537	751,684	591,402	515,149	513,218
18,295	11,284	13,759	15,529	7,008	13,233
<u>379,429</u>	<u>62,661</u>	<u>102,335</u>	<u>36,146</u>	<u>83,749</u>	<u>89,336</u>
<u>\$4,360,452</u>	<u>\$4,448,593</u>	<u>\$3,639,178</u>	<u>\$3,154,945</u>	<u>\$3,077,597</u>	<u>\$3,003,990</u>
\$ 729,354	\$ 679,333	\$ 689,673	\$ 627,217	\$ 638,859	\$ 647,285
440,518	378,267	372,667	414,397	322,293	350,680
2,400	2,900		6,400	6,400	5,000
466,833	459,945	453,251	415,402	436,565	430,698
80,278	224,802	167,986	290,772	36,624	36,052
392,934	366,386	410,618	342,104	345,749	349,628
1,055,366	951,265	1,833,004	702,675	770,670	585,673
<u>827,777</u>	<u>1,427,956</u>	<u>706,641</u>	<u>574,002</u>	<u>540,873</u>	<u>1,861,847</u>
<u>\$3,995,460</u>	<u>\$4,490,854</u>	<u>\$4,633,840</u>	<u>\$3,372,969</u>	<u>\$3,098,033</u>	<u>\$4,266,863</u>



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and
Members of the City Council:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the primary government of the City of Milford, Iowa as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the basic financial statements of the City's primary government, and have issued our report thereon dated October 7, 2021. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Milford's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Milford's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Milford's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility a material misstatement of City of Milford's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-21 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the primary government of the City of Milford are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the primary government of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Milford's Responses to Findings

City of Milford's responses to findings identified in our audit are described in the accompanying Schedule of Findings. City of Milford responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Milford during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Winther, Stave & Co. LLP

CITY OF MILFORD
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY:

I-A-21 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition - We noted employees were performing incompatible functions.

Cause - The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize that it is difficult to appropriately segregate duties when the number of employees is limited. Therefore, we recommend the City review its control activities to obtain the maximum internal control possible under the circumstances, utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions, reconciliations and financial reports.

Response - We will continue our review.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF MILFORD
SCHEDULE OF FINDINGS - Continued
YEAR ENDED JUNE 30, 2021

Part II: Other Findings Related to Required Statutory Reporting

- II-A-21 Certified Budget - Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted.
- II-B-21 Questionable Disbursements - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-21 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-21 Business Transactions - No business transactions between the City and City officials or employees were noted.
- II-E-21 Restricted Donor Activity - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- II-F-21 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- II-G-21 City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.
- II-H-21 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- II-I-21 Annual Urban Renewal Report - The FY2020 annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

CITY OF MILFORD
SCHEDULE OF FINDINGS - Continued
YEAR ENDED JUNE 30, 2021

Part II: Other Findings Related to Required Statutory Reporting - Continued

II-J-21 Urban Renewal Tax Reconciliation - We were unable to obtain an Urban Renewal tax reconciliation from the County.

Recommendation - Since the County has not prepared the reconciliation the City should continue to monitor their TIF obligations.

Response - We will monitor our TIF obligations and notify the County about preparing a reconciliation.

Conclusion - Response accepted.